

VIRGINIA PUBLIC SCHOOL AUTHORITY

BOND SALE AGREEMENT

dated as of September 28, 2005

Name of Jurisdiction (the "Local Unit"):

Sale Date: Not earlier than October 3, 2005, nor later than October 20, 2005

Closing Date: On or about November 10, 2005

Proceeds Requested:

Maximum Authorized Par Amount:

Amortization Period:

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1. The Virginia Public School Authority ("VPSA") hereby offers to purchase your general obligation school bonds at a price, determined by the VPSA to be fair and accepted by you, that, subject to VPSA's *purchase price objective* and market conditions described below, is substantially equal to Proceeds Requested set forth above (as authorized by your bond resolution) from the proceeds of the VPSA's bonds. The sale of VPSA's bonds is tentatively scheduled for October 12, 2005 but may occur at any time during the period described above as the Sale Date. You acknowledge that VPSA has advised you that its objective is to pay you a purchase price for your bonds which in VPSA's judgment reflects their market value ("*purchase price objective*") taking into consideration such factors as the amortization schedule you have requested for your bonds relative to the amortization schedules requested by the other localities for their respective bonds, the purchase price received by VPSA for its bonds and other market conditions relating to the sale of the VPSA's bonds. You further acknowledge that VPSA has advised you that such factors may result in your bonds having a value other than par and that in order to receive an amount of proceeds that is substantially equal to the Proceeds Requested you may need to issue a par amount of bonds that is greater than or lower than the Proceeds Requested. You at the request of VPSA, will issue an amount of the local school bonds not in excess of the Maximum Authorized Par Amount to provide, to the fullest extent practicable given VPSA's *purchase price objective* and market conditions, a purchase price for your bonds and a proceeds amount that is substantially equal to the Proceeds Requested. You acknowledge that the purchase price for your bonds will be less than the Proceeds Requested should the Maximum Authorized Par Amount be insufficient, based upon VPSA's *purchase price objective* and market conditions, to generate an amount of proceeds substantially equal to the Proceeds Requested.
2. You represent that on or before September 28, 2005, your local governing body will have duly authorized the issuance of your bonds by adopting a resolution in the form attached hereto as Appendix B (the "local resolution") and that your bonds will be in the form set forth in the local resolution. Any changes that you or your counsel wish to make to the form of the local resolution and/or your bonds must be approved by the VPSA prior to adoption of the local resolution by

your local governing body.¹

3. You hereby covenant that you will comply with and carry out all of the provisions of the Continuing Disclosure Agreement in the form attached hereto as Appendix F, which agreement is hereby incorporated by reference herein and expressly made a part hereof for all purposes. The VPSA has defined a Material Obligated Person ("MOP") for purposes of the Continuing Disclosure Agreement as any Local Issuer the principal amount of whose local school bonds pledged under VPSA's 1997 Resolution compromises more than 10% of the total principal amount of all outstanding 1997 Resolution bonds. MOP status will be determined by adding the principal amount of your local school bonds to be sold to the VPSA and the principal amount of your local bonds previously sold to the VPSA and currently pledged under VPSA's 1997 Resolution and measuring the total against 10% of the face value of all bonds outstanding as of the Closing Date under VPSA's 1997 Resolution. If you are or may be a MOP, the VPSA will require that you file all the information described in the following paragraph prior to VPSA's distributing its Preliminary Official Statement, currently scheduled for October 3, 2005.

You acknowledge that if you are, or in the sole judgment of VPSA may be, a MOP following the issuance of your local school bonds that are the subject of this Bond Sale Agreement, the VPSA will include by specific reference in its Preliminary Official Statements and final Official Statements (for this sale and, if you remain a MOP or become a MOP again after ceasing to be a MOP, for applicable future sales) the information respecting you ("Your Information") that is on file with the Nationally Recognized Municipal Securities Information Repositories or their respective successors ("NRMSIRs") and the Municipal Securities Rulemaking Board or its successors ("MSRB"). Accordingly, if it appears that you will be a MOP (I) following the delivery of your local school bonds to the VPSA in connection with this sale, or (II) during the course of any future sale, whether or not you are a participant in such sale, you hereby represent and covenant to the VPSA that you will file such additional information, if any, as is required so that Your Information, as of each of (I) the date of the VPSA's applicable Preliminary Official Statement (in the case of this sale, expected to be October 3, 2005), (II) the date of the VPSA's applicable final Official Statement (in the case of this sale, expected to be October 12, 2005) and (III) the date of delivery of the applicable VPSA bonds (in the case of this sale, expected to be November 10, 2005), will be true and correct and will not contain any untrue statement of a material fact or omit to state a material fact which should be included in Your Information for the purpose for which it is included by specific reference in VPSA's official statement or which is necessary to make the statements contained in such information, in light of the circumstances under which they were made, not misleading. You further agree to furnish to the VPSA a copy of all filings you make with NRMSIRs and the MSRB subsequent to the date of this Agreement. Such copy will be furnished to the VPSA on or before the day that any such filing is made.

The VPSA will advise you within 60 days of the end of each fiscal year if you were a MOP as of the end of such fiscal year. Upon written request, the VPSA will also advise you of your status as a MOP as of any other date. You hereby covenant that you will provide the certificate described in clause (e) of Section 4 below if VPSA includes Your Information by specific reference in its disclosure documents in connection with this sale or any future sale, whether or not you are a

¹ *The local resolution has been drafted for the issuance of bonds by a County. Bond counsel will need to make appropriate changes in the local resolution for the issuance of bonds by a City or Town.*

participant in such sale.

4. VPSA's commitment to purchase your bonds is contingent upon (I) VPSA's receipt on the Closing Date of (a) your bonds which shall include and otherwise meet the Standard Terms and Conditions contained in Appendix A hereto, (b) certified copies of the local resolution (see Appendix B attached hereto) and the school board resolution (see Appendix E attached hereto), (c) an executed agreement, among VPSA, you and the other local units simultaneously selling their bonds to VPSA, the depository and the investment manager for the State Non-Arbitrage Program ("SNAP"), providing for the custody, investment and disbursement of the proceeds of your bonds and the other general obligation school bonds, and the payment by you and the other local units of the allocable, associated costs of compliance with the Internal Revenue Code of 1986, as amended, and any costs incurred in connection with your participation in SNAP (the "Proceeds Agreement"), (d) an executed copy of the Use of Proceeds Certificate in the form attached hereto as Appendix C, (e) if the VPSA has included by specific reference Your Information into the VPSA Preliminary and final Official Statement, your certificate dated the date of the delivery of the VPSA's bonds to the effect that (i) Your Information was as of the date of the VPSA's Preliminary and final Official Statements, and is as of the date of the certificate, true and correct and did not and does not contain an untrue statement of a material fact or omit to state a material fact which should be included in Your Information for the purpose for which it is included by specific reference in VPSA's official statement or which is necessary to make the statements contained in such information, in light of the circumstances under which they were made, not misleading, and (ii) you have complied with your undertakings regarding the amendments adopted on November 10, 1994 to Rule 15c2-12 under the Securities Exchange Act of 1934, as amended, (f) an approving legal opinion from your bond counsel in form satisfactory to VPSA as to the validity of the bonds and the exclusion from gross income for federal and Virginia income tax purposes of the interest on your bonds, the conformity of the terms and provisions of your bonds to the requirements of this Bond Sale Agreement including the appendices attached hereto, and the due authorization, execution and delivery of this Bond Sale Agreement, Continuing Disclosure Agreement and the Proceeds Agreement, and the validity of the Continuing Disclosure Agreement and the Proceeds Agreement, (g) a transcript of the other customary closing documents not listed above, and (h) the proceeds of VPSA's bonds, (II) if you will be using the proceeds of your bonds to retire a bond anticipation note, certificate of participation or other form of interim financing (the "Interim Security"), receipt by VPSA of (a) an opinion of your bond counsel that, as of the Closing Date, the Interim Security will be paid in full or defeased according to the provisions of the instrument authorizing the Interim Security (in rendering such opinion bond counsel may rely on a letter or certificate of an accounting or financial professional as to any mathematical computations necessary for the basis for such opinion) and (b) an executed copy of the escrow deposit agreement/letter of instruction providing for the retirement of the Interim Security and (III) your compliance with the terms of this agreement. One complete original transcript of the documents listed above shall be provided by your counsel to Sidley Austin Brown & Wood LLP on the Closing Date or, with VPSA's permission, as soon as practicable thereafter but in no event more than thirty (30) business days after the Closing Date.
5. This Bond Sale Agreement shall take effect on September 28, 2005.

Virginia Public School Authority

Name of Jurisdiction:

By: _____

By:

Authorized VPSA Representative

Name:

Title:

(For information only; not part of the Bond Sale Agreement.)

Please have the presiding officer, or other specifically designated agent, of your governing body execute **2 (two)** copies of this Bond Sale Agreement and **return them, along with the tax questionnaire attached hereto as Appendix D, no later than close of business on September 28, 2005 to, Richard A. Davis, Public Finance Manager, Virginia Public School Authority, P. O. Box 1879, Richmond, Virginia 23218-1879 or by hand or courier service, James Monroe Building 3rd Floor, 101 N. 14th Street, Richmond, Virginia 23219. *The VPSA recommends the use of an overnight delivery service to ensure timely arrival of your documents.*** If your governing body or bond counsel requires more than one originally signed Bond Sale Agreement, please send the appropriate number; all but one will be returned at closing.